

**Summary of Chairman's Mark  
FY 2003 Senate Budget Resolution  
Prepared by the SBC-GOP Staff**

**March 20, 2002**

- The Chairman's mark increases domestic spending, relaxes budget enforcement tools, cuts defense spending, and increases taxes when compared to the President's budget.
1. Increased Spending. The Chairman's mark increases domestic spending over the President's request by \$350 billion and nearly \$600 billion over current law. Over 70 percent of the increase compared to the President's request is in the area of mandatory spending programs. The mark creates a new \$100 billion mandatory spending program for an education program that needs reform (IDEA). An expansive prescription drug benefit is added to the Medicare program with no stipulation made that the Medicare program need be reformed. Both programs will grow, not subject to appropriations in the future, and will place unique pressure on future federal budgets.

The Chairman's mark increases domestic spending authority over the President's budget request in 2003 by \$9.0 billion by an accounting gimmick while claiming to be at the President's request. The mark increases 2003 advance appropriations \$2.2 billion over current practice and it assumes a "historical" rescission of nearly \$47 billion over the next decade that is highly questionable. Domestic appropriated accounts are nearly \$106 billion higher than the President's request over the decade, even without including an allowance for a forthcoming FY 2002 supplemental. Further most domestic discretionary accounts are understated in the out-years, suggesting even more pressure on spending in the future than is reflected in the Chairman's policies.

2. Limited Enforcement Provisions. The Chairman's mark does use the budget resolution to extend, in the Senate, some expiring enforcement points-of-orders and pay-go provisions. But it fails to establish Congressional caps on discretionary spending or firewalls between defense and non-defense spending, and it increases the advance appropriations by over \$2 billion this year, while eliminating the emergency designation point-of-order for discretionary spending.
3. Cuts in National Security/International Affairs. The Chairman's mark reduces defense spending authority \$245 billion below the President's request. The Chairman claims that his resolution "reserves" these defense dollars for when they are needed – but unlike past GOP budget resolutions' reserve funds – the Chairman's mark does not include the "reserved" defense dollars in his budget totals. Rather he uses the savings from excluding the "reserved" monies to reduce the deficit and thereby claim greater

debt reduction than would be the case without these reserves.

In contrast to the President's efforts to increase funding for foreign aid programs, the Chairman's mark cuts the President's request nearly \$5 billion over the next decade – an amount equivalent to that which the President recently requested for the next five years.

4. Increased taxes relative to President's request The Chairman's mark provides for no tax cuts over the entire decade. Bipartisan congressional tax cut proposals such as the CARE Act designed to increase incentives for charitable giving, and the recently reported Finance Committee energy tax credits could not be accommodated within the Chairman's mark unless offset with increased taxes. More importantly, expiring tax provisions such as the R&E tax credit and those provisions that expire in 2010 such as marriage penalty relief, child credit and marginal tax rate reductions would not be permitted under the Chairman's mark. In total compared to the President's budget, this mark would increase taxes \$615 billion over the next decade.
  5. The Trigger. The Chairman's mark includes a process mechanism that would require – if in any year an on-budget deficit is projected in CBO's January 2003 annual report – that next year's budget resolution would be out of order unless it included policies to achieve a balanced budget excluding social security trust funds. This path would require such balance within 5 years (FY 2009). Even if the Chairman's mark for this year were to perfectly come true, then it would project on-budget deficit next year throughout the remainder of this decade. Therefore, under the Chairman's mark, next year's budget resolution would be required to include a series of policies to adhere to the Chairman's trigger:
    - Raise taxes \$570 billion; or
    - Further reduce the President's defense request by another 25%; or
    - Further reduce the President's non-defense spending by 26%; or
    - Freeze all discretionary spending at the 2002 level; or
    - Cut Medicare by 30%; or
    - Eliminate food stamps, TANF, child care, child nutrition, SCHIP, foster care, veterans' benefits and veterans' pensions beginning in 2004; or
    - Some combination of all of the above.
- Summary tables attached compare the Chairman's mark to the CBO March baseline, CBO's reestimate of the President's Budget, and all with and without the recent Job Creation and Worker Assistance Act of 2002.

**COMPARISON OF SBC DEMOCRAT MARK WITH CBO'S MARCH  
BASELINE AND THE REESTIMATE OF THE PRESIDENT'S BUDGET  
WITH JOB CREATION AND WORKER ASSISTANCE ACT OF 2002  
(in billions of dollars)**

	CBO March Baseline	CBO Reest of the President's Budget*	SBC Democrat Mark	Mark less Baseline	Mark less Reestimate
<b>FY 2003</b>					
Discretionary	761	784	795	34	10
Mandatory	1,148	1,170	1169	21	-1
Net Interest	170	180	175	5	-5
Total Spending	2,080	2,134	2,139	59	4
Total Revenues	2,086	2,013	2,046	-39	34
Unified Deficits/Surpluses	6	-122	-92	-98	29
On-budget Deficits/ Surpluses	-170	-297	-268	-98	29
Discretionary Spending BA	732	759	768	36	9
Defense	357	393	393	36	0
Nondefense	375	366	375	0	9
<b>FY 2003-2012</b>					
Discretionary	8,557	8,853	8,798	241	-55
Defense	3,966	4,449	4,289	323	-160
Nondefense	4,591	4,403	4,509	-82	106
Mandatory	14,602	15,038	15,280	678	242
Net Interest	1,517	1,884	1,808	291	-75
Total Spending	24,677	25,775	25,886	1,210	112
Total Revenues	27,057	26,455	27,070	13	615
Deficits/Surpluses Unified	2,380	680	1,183	-1,197	503
Deficits Surpluses On-budget	-102	-1,802	-1,299	-1,197	503

Source: Senate Budget Committee Republican Staff

\* CBO's Reestimate of the President's Budget includes the President's budget amendment submitted on March 14, 2002.

**COMPARISON OF SBC DEMOCRAT MARK WITH CBO'S MARCH  
BASELINE AND THE REESTIMATE OF THE PRESIDENT'S BUDGET  
WITHOUT JOB CREATION AND WORKER ASSISTANCE ACT OF 2002  
(in billions of dollars)**

	CBO March Baseline	CBO Reest of the President's Budget*	SBC Democrat Mark	Mark less Baseline	Mark less Reestimate
<b>FY 2003</b>					
Discretionary	761	784	795	34	10
Mandatory	1,148	1,162	1166	17	4
Net Interest	170	174	172	1	-3
Total Spending	2,080	2,121	2,132	52	11
Total Revenues	2,086	2,078	2,086	0	8
Unified Deficits/Surpluses	6	-43	-46	-52	-3
On-budget Deficits/ Surpluses	-170	-219	-224	-55	-5
Discretionary Spending BA	732	759	768	36	9
Defense	357	393	393	36	0
Nondefense	375	366	375	0	9
<b>FY 2003-2012</b>					
Discretionary	8,557	8,853	8,798	241	-55
Defense	3,966	4,449	4,289	323	-160
Nondefense	4,591	4,403	4,509	-82	106
Mandatory	14,602	15,029	15,277	675	248
Net Interest	1,517	1,767	1,748	230	-20
Total Spending	24,677	25,649	25,822	1,146	173
Total Revenues	27,057	26,499	27,057	0	558
Deficits/Surpluses Unified	2,380	850	1,235	-1,146	385
Deficits Surpluses On-budget	-102	-1,633	-1,251	-1,148	382

Source: Senate Budget Committee Republican Staff

\* CBO's Reestimate of the President's Budget includes the President's budget amendment submitted on March 14, 2002.